

Promoting Housing in South Lake Union

Director's Report and Recommendation Department of Planning and Development (DPD)

Introduction

The City's vision for South Lake Union is a neighborhood where people can live near their work – whether it's in South Lake Union or in nearby Downtown or the University District. Development in the neighborhood is intensifying. However, housing development is not keeping pace with jobs related development. To date the comparison of jobs to housing units in South Lake Union is 14:1 (14 jobs for every housing unit). Overall in the city the ratio is about 4:1. Some national studies suggest a ratio of approximately 2:1 is desirable. In addition, not only is the number of housing units compared to the number of jobs an important indicator of a healthy neighborhood, but having housing that is affordable to people with a mix of incomes is also important.

On June 22, 2004, in order to stimulate housing development, Seattle's Office of Housing published principles and action steps that address housing location, diversity and design in South Lake Union. These were developed with the South Lake Union Neighborhood Plan stewardship group and others in the community interested in South Lake Union as a great place to live and work. Proposed rezones and Land Use Code amendments are a critical next step in carrying out these housing principles.

Summary

The majority of South Lake Union zoning has, for the most part, discouraged housing development. Robust commercial development in the neighborhood has resulted in the imbalance of jobs and housing that exists in the area today. This proposal addresses the imbalance by proposing to eliminate the obstacles residential development faces under the current commercial and neighborhood commercial zoning, including the following:

- residential development is limited to 64% of the lot size above the first floor, while commercial development may be built from lot line to lot line;
- residential use is not allowed on the first floor without subjecting the development to a conditional use process and a substantial density limit – this effectively dissipates opportunities for housing development to areas where retail and similar uses are not supported by the real estate market; and
- development standards, such as open space and parking exceed demand while adding significantly to development costs.

The proposed Seattle Mixed (SM) zone eliminates these barriers to housing development while remaining consistent with the neighborhood plan stewardship group's desire to retain existing commercial and light-manufacturing activities. The SM zone allows these uses, and thus allows existing businesses to remain and prosper.

This report examines proposed land use and zoning changes in the South Lake Union neighborhood and an adjacent area south of the Seattle Center. The proposal would rezone much of the area from existing Neighborhood Commercial and Commercial zones to a mixed use zone, Seattle Mixed.

Proposed Land Use Code amendments would:

- Require Design Review for new development in the Industrial Commercial (IC) zone until this zone is re-considered as part of a citywide examination of industrial areas in 2005;
- Add "Seattle Mixed" as the new zone name for the current Seattle Cascade Mixed (SCM) zone and amend rezone criteria to allow the broader use of the SM zone in other areas, where appropriate.
- Require pedestrian oriented design, such as transparency of street-level facades, or upper-level setbacks along a mapped network of streets.

These and other code changes are intended to encourage housing development in a pedestrian oriented, mixed use neighborhood throughout South Lake Union. This supports the City's goals for housing development in the area and the neighborhood's commercial history. No height limit increases are proposed. Moving forward with the proposed rezones and Land Use Code amendments will help to achieve a positive jobs/housing balance in the South Lake Union area.

Background

South Lake Union (SLU) is a "center city" neighborhood that is adjacent to downtown and near the University of Washington. South Lake Union has been identified by the City as a hub for the biotechnology or "biotech" industry. In this effort, the City recently adopted Land Use Code amendments to better accommodate the unique space needs of biotechnology uses. Other City initiatives, ranging from investing in transportation and other infrastructure to programmatic and regulatory reforms, are underway to help promote job creation that the City hopes will result in economic health for the City and the South Lake Union neighborhood.

The topography of the South Lake Union neighborhood is basin-like, sloping down from downtown to the lake. The land is highest around the perimeters of the neighborhood and lowest at the center of the neighborhood, generally at Westlake and Terry Avenues and near the shores of Lake Union. The boundaries of the neighborhood are roughly I-5 on the east, Denny Way on the south, Aurora Avenue on the west and the shoreline of Lake Union to the north.

The South Lake Union area has historically been a light manufacturing and commercial area, serving other commercial uses in the region, particularly downtown. The importance of biotech uses is recognized in the current neighborhood plan, *South Lake Union 2014*, adopted in 1997, as are other commercial and residential uses. An eclectic mix of uses, including both housing and biotech, is one of the main characteristics of the South Lake Union neighborhood. Since the early 1980's, new office and biotech developments have transformed the area. The Fred Hutchinson Cancer Research Center and ZymoGenetics established a strong presence, providing the foundation for an active mixed use neighborhood.

The neighborhood consists of a mixture of building types and uses. The diversity ranges from residential to industrial and includes uses such as maritime, retail, artisan and social services. The neighborhood has served as a commercial and light industrial support area to the city since the 1880's. Over the last decade, South Lake Union's attractiveness as a location for high tech and biotech research and development uses has become more and more apparent. New development tends to be larger than existing uses, lending a variation in the scale of development throughout the neighborhood as existing older buildings are replaced with new ones.

South Lake Union has been the subject of many planning efforts over the years. Efforts to attract housing, high tech development, jobs, and open space to support a changing vision for this area, have resulted in a zoning pattern that is inconsistent and reveals a lack of clarity for how the area

is to develop in the future. The majority of South Lake Union zoning has, for the most part, discouraged housing development and, consequently, the area, excluding the Cascade neighborhood, has seen very little housing development over the past twenty years. Recent neighborhood planning efforts and Comprehensive Plan discussions have clarified the City's vision for South Lake Union as a neighborhood characterized by the development of the bio-technology industry, as well as a mixed use neighborhood providing housing opportunities for all income groups in a pedestrian and transit oriented environment. Zoning has served the area well in providing opportunities for office and technology developments. Housing is another matter.

In response, City Council adopted Resolutions 30610, directing DPD to work with other City agencies to develop strategies for housing that are integrated into the fabric of the existing community and responsive to diverse community needs. Business and job growth are to be *"...married together in order to provide access to affordable housing near jobs, services and community benefits. Well-built, well-designed and sustainable affordable housing can help create a strong, revitalized, integrated, and attractive community that will fuel job growth in South Lake Union."*

The following timeline demonstrates the process the City has engaged in, to date, to involve the community, land owners, business owners, and residents alike, in efforts to stimulate housing development throughout South Lake Union:

- In January, 2004, the Department of Planning and Development (DPD) and the Office of Housing (OH) formed a working group to develop, among other things, principles and action steps that would stimulate housing development in the area west of Fairview Avenue North.
- In April, 2004, the group completed its work on a Draft Housing Principles/Action Steps framework.
- In May, 2004, the proposed draft principles and actions were shared with South Lake Union community groups, including South Lake Union Friends and Neighbors (SLUFAN) and the Cascade Community Council, for their review and comment.
- In May, 2004, SLUFAN, the South Lake Union Neighborhood Plan stewardship group, sent a letter of support to the City Council and encouraged implementation of the proposed action steps, including the rezones and code amendments proposed in this report.
- In June, 2004, the final recommended Housing Principles and Action Steps were completed. A copy of the final version of the report may be found appended to this report.

Efforts are ongoing to address longer-term actions identified in the report, such as housing affordability, preservation of existing buildings, and ways for employers to encourage employees to live in South Lake Union.

Seattle Mixed (SM) Zone Highlights

The proposed Seattle Mixed zone allows a broad range of uses, including housing. Development standards focus on building design, allowing flexibility for how the buildings are used, while maintaining a desirable urban form. Key features of the zone include:

Structure Height – a broad range of height limits are established, from 40 feet to 125 feet as mapped.

Upper-level Setbacks – structures abutting certain east/west streets and the Cascade and Denny Parks are required to setback at either 45 or 75 feet, depending on the height limit.

General Façade Requirements – detailed design standards, similar to downtown, apply to the location of building entrances, minimum height of facades and location of a structure along the property line.

Floor Area Ratio (FAR) Limits – apply in the 85' and 125' zone to regulate densities of nonresidential uses.

Common Open Space or Recreation Area – these amenities are required for residential development and are required in an amount equal to 5% of the floor area in residential use for structures with 20 or more units.

Street-level Requirements – pedestrian related requirements apply according to a mapped network of streets (basic standards or Class 1 or 2 Pedestrian Streets).

- Class 1 Pedestrian Streets, street-level uses are required as well as development standards that are applicable to the street-level of new development;
- Class 2 Pedestrian Streets, development standards, such as transparency and limits on blank facades, apply to the street-level of new development, but uses are flexible; and
- Basic standards, less stringent development standards apply to the remainder of the streets.

Screening and Landscaping – standards for surface parking lots and parking structures.

Required Parking – residential is one space per unit; nonresidential is specified by use.

Rezone Analysis

Proposed rezones are evaluated according to the provisions of the Land Use Code, Chapter 23.34, Amendments to the Official Land Use Map (Rezones). The evaluation uses general and specific criteria that are weighed and balanced to determine the most appropriate zone or height designation. Zone function statements, which describe the intended function of each zone designation, are used to assess the likelihood that the area proposed to be rezoned would function as planned.

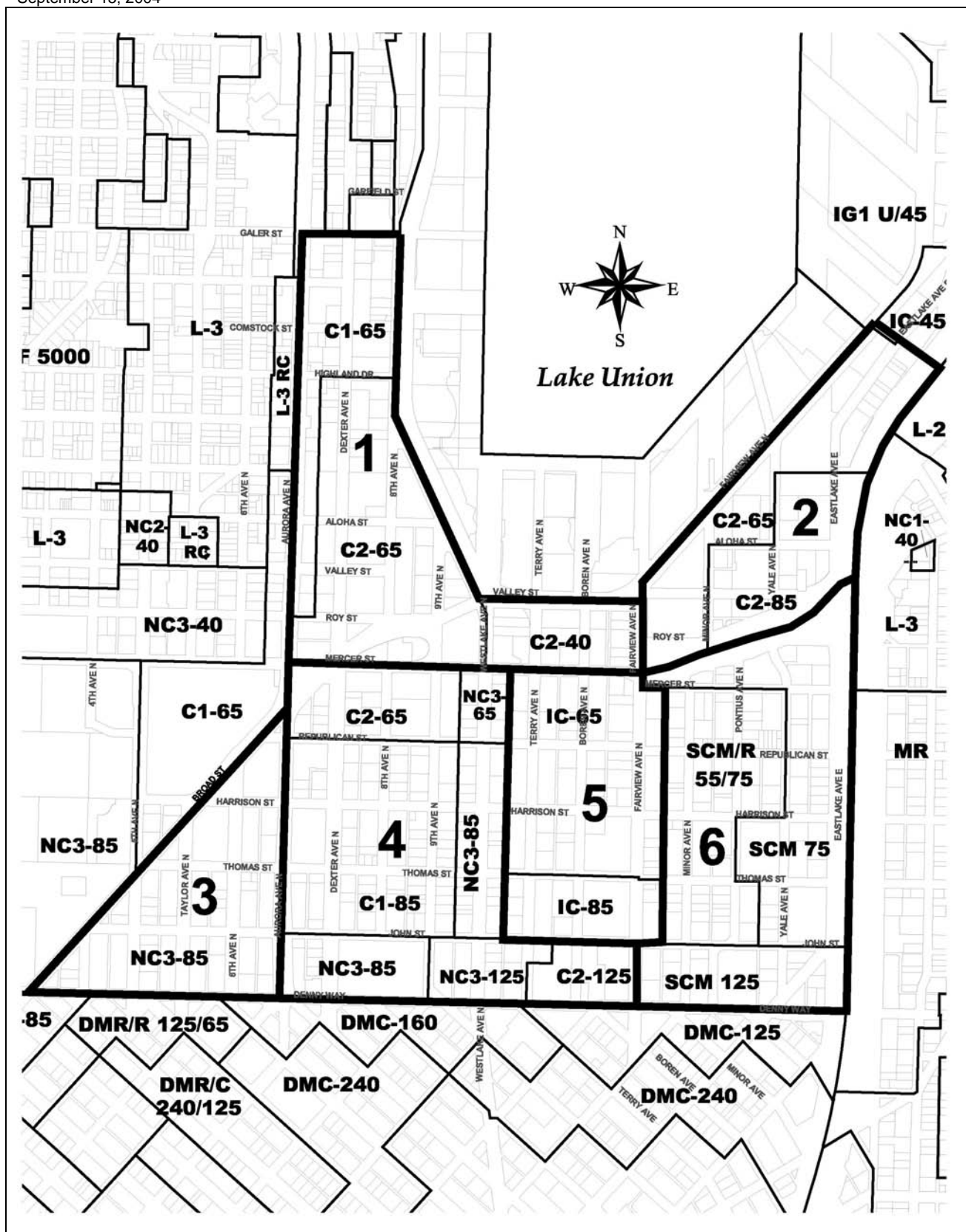
Generally, no single criterion or group of criteria is applied as an absolute requirement or test of the appropriateness of a zone designation, nor is there a hierarchy or priority of rezone considerations, unless specified. Compliance with the provisions of Chapter 23.34 constitutes compliance with the Comprehensive Plan for the purpose of reviewing proposed rezones.

For the purposes of this analysis, the area was divided into 6 sub-areas. Rezones are proposed for Neighborhood Commercial 3 (NC3), Commercial 1 (C1), and Commercial 2 (C2) zones in Sub-areas 1, 3 and 4 (see the map on page 6 of this report) to a Seattle Mixed (SM) zone (the renamed Seattle Cascade Mixed zone). Sub-areas 2, 5 and 6 are not proposed to be rezoned. Sub-area 2 is not thought to be a good candidate for development of housing. Sub-area 5 is currently zoned Industrial Commercial (IC) and will be reviewed as part of a broader industrial area study. Sub-area 6, the Cascade Neighborhood, is already zoned SM.

Sub-area 1: The northwest portion of the South Lake Union Urban Village: Sub-area 1 is bordered to the north by Galer Street, Westlake Avenue, and Valley Street; to

the east by Fairview Avenue North; to the south by Mercer Street; and to the west by Aurora Avenue North (SR 99). The area contains C1/65, C2/40, and C2/65 zones.

- Sub-area 2: The northeast portion of the South Lake Union Urban Village: Sub-area 2 is bordered to the north by East Nelson Place, to the east by Interstate 5, to the south by the Mercer Street onramp, and to the west by Fairview Avenue North. The area contains C2/65 and C2/85 zones. This is the location of Fred Hutchinson and ZymoGenetics. **No rezone proposed.**
- Sub-area 3: This triangular area is located west of the South Lake Union Urban Village: Sub-area 3 is bordered to the east by Aurora Avenue North, to the south by Denny Way, and to the northwest by Broad Street. The entire area is zoned NC3/85.
- Sub-area 4: The southwest portion of the South Lake Union Urban Village: Sub-area 4 is bordered to the north by Mercer Street; to the east by a north/south alley between Westlake and Terry Avenues North, John Street, a north/south alley located between Terry and Boren Avenues North, and Terry Avenue North; to the south by Denny Way; and to the west by Aurora Avenue North. The area contains NC3/65, NC3/85, NC3/125, C1/85, C2/65 and C2/125 zones.
- Sub-area 5: The central portion of the South Lake Union Urban Village: Sub-area 5 is bordered to the north by Mercer Street; to the east by a north/south alley between Fairview and Minor Avenues North, and Fairview Avenue North; to the south by John Street; and to the west by a north/south alley located between Westlake and Terry Avenues North. The area contains IC/65 and IC/85 zones. DPD intends to consider this area for potential rezoning as part of a citywide examination of industrially zoned areas in 2005. **No rezone proposed.**
- Sub-area 6: The Seattle Cascade Neighborhood and the southeast portion of the South Lake Union Urban Village: Study-area 6 is bordered to the north by the Mercer Street onramp; to the east by Interstate 5; to the south by Denny Way; and to the west by a north/south alley located between Fairview and Minor Avenues North, and Fairview Avenue North. The area contains Seattle Cascade Mixed (SCM) 55/75, SCM/75 and SCM/125 zones. **No rezone proposed.**



South Lake Union, 6 Sub-areas

General Rezone Criteria

The following describes the overall effect of the proposed rezones, in accordance with SMC Section 23.34.008, General Rezone Criteria.

Zoned Capacity: For planning purposes, the City's Comprehensive Plan assigns job and housing estimates to each urban center and village. Sub-areas 1 and 4, where rezones are proposed, are within the South Lake Union Urban Center.

Subsection A.1 of SMC Section 23.34.008 states that, "In urban centers and urban villages the zoned capacity for the center or village taken as a whole shall be no less than one hundred twenty-five percent (125%) of the growth targets adopted in the Comprehensive Plan for that center or village."

Both existing zoning (NC3, C1 and C2) and the proposed zone (SM) allow approximately the same capacity for nonresidential development. The proposal would result in increased residential capacity in Sub-areas 1 and 4 of approximately 2,967 units. Adoption of the rezones increases the household capacity. Thus, the proposed rezone satisfies the criteria related to maintaining zoned capacity.

Zoning History and Precedential Effect:

A neighborhood's zoning is intended to indicate, as much as is possible, the relative scale and intensity of activity that is both present and desired as the neighborhood continues to develop. Zoning in South Lake Union consists of Neighborhood Commercial 3 (NC3), Commercial 1 and 2 (C1 and 2), Industrial Commercial (IC) and Seattle Cascade Mixed (SCM) zones. The commercial and industrial/commercial zoning has been in place since the mid to late 1980s. The SCM zone was adopted in the mid 1990s. The proposed rezone is consistent with the history of the area and no precedential effect is anticipated. The following is a more detailed description of current zones in South Lake Union:

Commercial Zones (NC3, C1 and C2). These areas generally provide locations for a range of development types including: single purpose commercial structures, multi-story mixed-use development with commercial uses along the street front and multi-story residential structures. The general characteristics of the three zone designations, as applied in South Lake Union, are described below:

Neighborhood Commercial 3 (NC3) is a pedestrian-oriented shopping district serving the surrounding neighborhood and a larger community or citywide clientele. The area provides for comparison shopping with a wide range of retail goods and services. The area also provides offices and business support services that are compatible with the retail character of the area and may also include residential use in mixed use development. Single purpose residential development is prohibited. In addition, although nonresidential development may develop from lot line to lot line, residential use in mixed use development faces strict coverage limits.

Commercial 1 (C1) is an auto-oriented, primarily retail/service commercial

area that serves surrounding neighborhoods and the larger community or citywide clientele. The area provides a wide range of commercial services, including retail, offices and business support services. Single purpose residential development is prohibited. Although nonresidential development may develop from lot line to lot line, residential use in mixed use development faces strict coverage limits.

Commercial 2 (C2) is an auto-oriented, primarily non-retail commercial area that provides a wide range of commercial activities serving a citywide function. These areas provide employment opportunities, business support services and locations for light manufacturing and warehouse uses. Residential use is permitted in mixed use structures pursuant to an administrative conditional use process. Single purpose residential development is prohibited. Although nonresidential development may develop from lot line to lot line, residential use in mixed use development faces strict coverage limits.

Industrial Commercial Zone. The IC zone was created to promote development of businesses, particularly new technology-oriented uses. These businesses incorporate a mix of industrial and commercial activities including manufacturing and research and development, while accommodating a wide range of other employment activities. The development standards are intended to create an environment that is attractive to the research and development industry. Residential use is prohibited.

Seattle Cascade Mixed (SCM) Zone. The SCM zone was developed to implement to the Land Use goals of the South Lake Union Plan endorsed by the City Council in Resolution 29162 on July 10, 1995. However, because of the failure of the proposal to build a major open space in the neighborhood, the plan was not implemented as envisioned. The Cascade Neighborhood Council was actively involved in neighborhood planning activities at the time and their involvement helped shape development of the zone designation that would apply to the Cascade neighborhood sub-area of South Lake Union. The City Council adopted the zone and applied it to the Cascade Neighborhood in 1996. The Cascade Neighborhood is bound by I-5, Fairview Avenue, Denny Way and the Mercer Street on-ramps.

The zone accommodates residential and employment uses, including light manufacturing, in moderate to high-density development. Building scale is largely midrise, allowing between five and seven stories of development, although highrise buildings, up to 12 stories, are also permitted. At the same time, the zone allows existing businesses to remain with special provisions that provide flexibility for the retention and limited expansion of nonconforming development. Residential use is permitted in all forms, single purpose and mixed use.

The South Lake Union Neighborhood Plan was recognized by the City Council in 1997. The Plan includes many goals, among them retention of the area's working-class character and a full spectrum of housing opportunities. The Plan also states that the South Lake Union area will continue to have a residential component, and that further residential growth needs to be balanced with the desire to maintain a mix of non-residential uses.

With regard to zoning, the Plan acknowledges that there is a need to review existing zoning and change zoning where necessary to reflect planning goals. At the time of Council recognition of the plan, single purpose residential development was prohibited in the areas with NC and C zones with 40 and 65 foot height limits. This was in response to a perceived trend for live-work and residential development that could have changed the character of the neighborhood by tipping the balance of uses to residential. However, this trend has not been realized as the neighborhood remains commercial with a jobs housing ratio of 14 jobs for every housing unit. In addition, the SM zone is considered a commercial zone and is consistent with the intention of allowing residential use while maintaining the mix of non-residential uses that give the neighborhood its character.

A number of goals and policies of the South Lake Union Neighborhood Plan were adopted into the Comprehensive Plan. Those goals and policies focused on three areas: neighborhood character, parks and open space, and transportation. The proposed rezoning and code amendments are intended to promote residential use as one component of this mixed use neighborhood. The proposal is consistent with the goals and policies that apply in the neighborhood, which are summarized by the following Comprehensive Plan goals:

- SLU-G1: describes the neighborhood as "a mixed use neighborhood with an emphasis on small business and light industry."
- SLU-P3: "encourage housing that does not conflict with the business character of the neighborhood."

**Zoning
Principles:**

The existing zones in the study areas (NC3, C1 and C2) vary only slightly in terms of building form and allowable floor area. The main distinction between the three zones relates to whether or not residential uses are allowed, as well as the auto orientation of C1 and C2 versus the pedestrian orientation of NC3. The proposed Seattle Mixed zone allows for a wide variety of uses, ranging from general manufacturing to residential. Zone transitions in the area are largely accommodated by wide rights of way or alleys. Transitions to adjacent neighborhoods are provided by the I-5 freeway to the east and a substantial topographic break, and state route 99 and the Seattle Center to the west.

The NC3 zones in the area, which are intended to accommodate housing and to provide pedestrian oriented shopping opportunities, will not be compromised. The proposal would establish a pedestrian designation along Westlake Avenue North and Valley Street. This designation requires pedestrian oriented uses at ground level, offering a transition from the IC zone to the east to the new SM zones to the west.

Impact

Evaluation:

Impacts from the proposal are not likely, as the physical difference in the existing zones and proposed SM zone is relatively minimal. The proposed rezone increases the housing capacity in the rezone areas by approximately 3,816 residential units. The nonresidential capacity for the area would generally remain the same.

It is not expected that the increase in residential capacity would result in a significant increase in demands on transportation, public services, transit service, utility and sewer capacity, parking capacity, etc. These services are anticipated for the current and proposed residential growth estimates (Seattle Comprehensive Plan) through 2024 can be accommodated by both the existing zoning and the proposed zoning.

Nonconformity:

The proposal will result in some new nonconforming uses or structures. Nonconforming uses or structures are ones which were permitted under prior zoning provisions but are not allowed by current zoning. If such a situation was established by previous permit at a time when it was allowed, the use or structure is considered "legally nonconforming" and may remain in operation. However, in most cases, such situations are prohibited from expanding in any manner that increases the extent of their nonconformity.

With regard to the proposed rezone, due to uses that are prohibited in the SM zone, there are two main types of likely new nonconformities – principal use surface parking lots and non-pedestrian uses located along Westlake Avenue North and Valley Street.

According to King County Assessor's Data, there are 45 surface parking areas in subareas 1, 3 and 4, the areas proposed to be rezoned to Seattle Mixed. While it is reasonable to assume that most or all of these properties will become nonconforming, they can remain in use as parking lots in perpetuity, provided that the use was legally established and that any changes conform to Chapter 23.42, General Use Provisions.

Uses located along Westlake Avenue North and Valley Streets cause the most potential for new nonconformity. The proposed pedestrian-oriented retail street designation would allow only the following uses to locate along these streets:

- Personal and household retail sales and service uses;
- Eating and drinking establishments;
- Entertainment Uses;
- Pet grooming services;
- Public Parks; and
- Public libraries.

Any existing use located along Westlake Avenue North and Valley street that is not listed above would be become a nonconforming use. Examples include Nelson Truck Equipment, Book Publishing, Pacific Corporation, Sellen Construction, Firestone, Wedgewood College, American Mortgage Center, the gas station located at Westlake and Mercer, and more. However, as stated earlier, these uses may continue to operate. The impact of the

proposal on these properties relates to future construction and changes of use in existing structures. New construction on these sites or new ground-level tenants of existing buildings would be allowed to expand by 20% of the existing floor area, after that required street level uses would be required and development would need to conform to development standards, including transparency. Once the street-level use standards are met, other uses, such as office or residential may be provided above ground or behind a required street level use.

The proposed Seattle Mixed zone prohibits general manufacturing uses that are larger than 25,000 sq. ft. Fortunately, no general manufacturing uses are known to be in the proposed rezone area. Most “industrial” or heavy commercial uses in the area, such as warehouses and light manufacturing uses (Hostess) are permitted outright in both the existing and proposed zone.

Height limits:

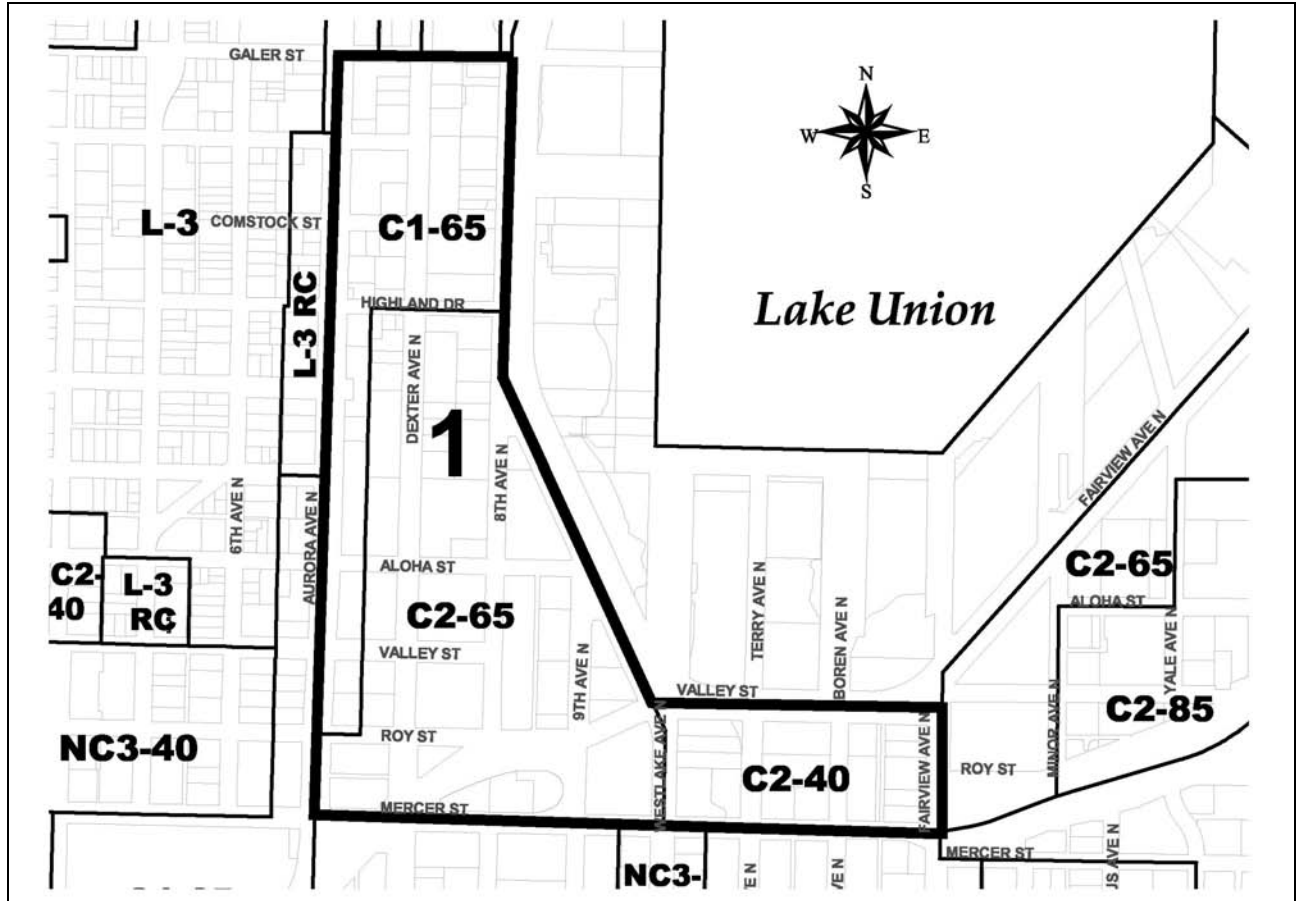
No changes to existing height limits are proposed. Height limits are applied independently of zoning in commercial and mixed use neighborhoods such as South Lake Union. This allows tailoring development intensity to the character of different areas. Height limits in the area range from 40 feet near Lake Union to 65 feet and 85 feet in the bulk of the neighborhood, rising to 125 feet along Denny Way abutting downtown zoning. A number of different factors are considered when designating the height limit in a specific zone, including:

- The character of the surrounding area, with higher height districts most appropriate next to Downtown Seattle.
- Topographical conditions and views; height limits are intended to reinforce the natural topography of an area and are set to reduce the potential of view blockage to the extent feasible.

Area Function and Locational Criteria Analysis

The following analysis is a comparison of zone criteria and area characteristics, as provided for in SMC Section 23.34.008B, by sub-area.

Sub-Area 1



Summary

Sub-area 1 generally meets the criteria for existing zoning, in particular owing to the major arterials that cross the area. While vehicular access from Aurora, Westlake and Dexter Avenues North; and Valley Street cater to automobile-oriented uses, the area does possess uses and characteristics that are not representative of C1 and C2 zones generally, including more than 350 residential units and some pedestrian oriented retail development.

The area will continue to change as renovations to South Lake Union Park and transportation improvement projects are completed. While sub-area 1 does possess some physical characteristics that favor its current zoning designation, the proposed Seattle Mixed zone is more likely to result in the production of housing in the area while encouraging the mix of uses and retail services that would likely result from the current C zoning.

Sub-Area 1 contains C1-65, C2-40 and C2-65 zones. The locational criteria (***bold in the chart below***) that are applicable to C1 and C2 zones are found in SMC Section 23.34.080 and 23.34.082, respectively, and are reviewed in the following chart:

SMC 23.34.080 Commercial 1 (C1) Zone, Function and Locational Criteria				
Codified Criteria	Meets Criteria			Comments/Analysis
	Yes	No	Maybe	
<i>A. C1 Locational Criteria.</i> <i>Commercial 1 zone designation is most appropriate in areas generally characterized by the following:</i> <i>1. Existing Character.</i> <i>a. Shopping centers;</i> <i>or</i> <i>b. Shopping areas along arterials where customers drive from one (1) individual business to another.</i>		X		The area does not contain any shopping centers or noteworthy shopping areas. There are some retail and restaurant establishments located east of Westlake Avenue North. However these areas are not shopping centers. It should also be noted that the areas located east of Westlake Avenue North are located in the shoreline district and are not part of the proposal.
<i>2. Physical Conditions Favoring Designation as C1.</i> <i>a. Readily accessible from a principal arterial;</i>	X			The area is accessible from Mercer Street, Dexter Avenue North, Westlake Avenue North and Aurora Avenue North.
<i>b. Presence of edges that buffer residential or commercial areas of lesser intensity, such as changes in street layout or platting pattern;</i>			X	Several zone buffers exist around the area zoned C1-65. Aurora Avenue North serves as the primary buffer between commercial zoning (e.g., C1 and C2), located to the east of Aurora Avenue North, and multifamily zoning (e.g., L3 and L3 RC), located west of Aurora Avenue North. Generally, there are no large differences in street layout, platting patterns, etc. between the C1 area and the abutting NC3 and C2 zones. However, these zones are separated by street-rights-of-way.
<i>c. Predominance of large lots that can accommodate a wide range of commercial activity;</i>		X		Approximately 35 parcels are located in the C1 area. These parcels range in size from 3,593 sq. ft. to 42,325 sq. ft. Large lots are not predominant. Of the 35 parcels in the area, only 13 exceed 12,000 sq. ft.

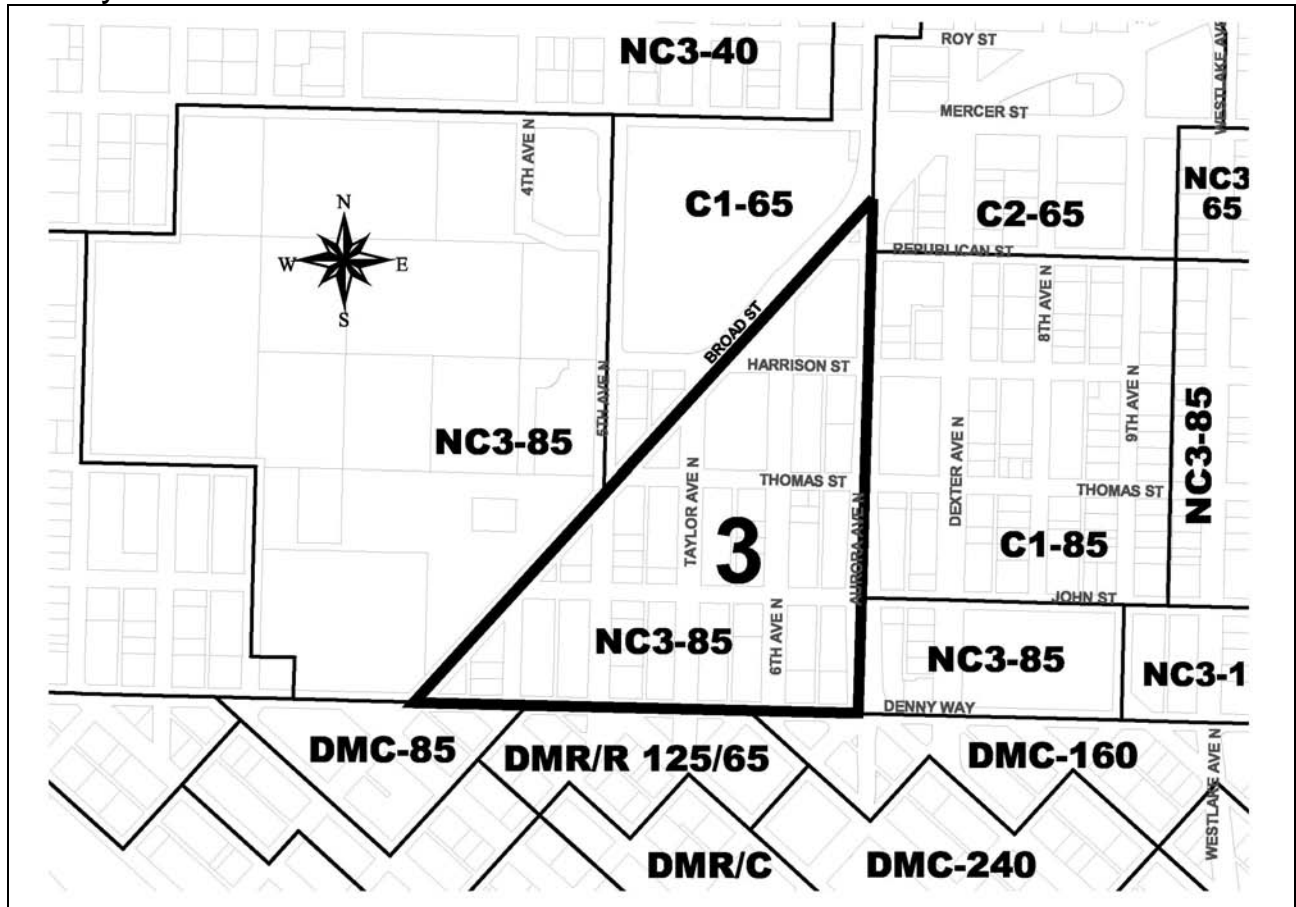
<i>d. Limited pedestrian access on the public right-of-way, curb cuts, auto movement or parking lots create an environment which is unfriendly to pedestrian activity;</i>	X			While the area contains basic amenities for pedestrians, such as dedicated sidewalks, very few portions of the C1 area are friendly to pedestrians. Portions of Dexter Avenue exhibit some favorable pedestrian characteristics, particularly as part of newer residential development in the area. However, this does not adequately compensate for the non-pedestrian character of Westlake and Aurora Avenues North.
<i>e. Presence of large, perhaps shared, off-street parking lots; readily accessible from major transportation corridors or arterials.</i>	X			Several retail and other businesses located east of Westlake Avenue North share large, off-street parking lots.

SMC 23.34.082 Commercial 2 (C2) Zone, Function and Locational Criteria				
Codified Criteria	Meets Criteria			Comments/Analysis
	Yes	No	Maybe	
<p><i>B. C2 Locational Criteria.</i> <i>Commercial 2 zone designation is most appropriate in areas generally characterized by the following:</i> <i>1. Existing Character.</i> <i>a. Major commercial nodes characterized by heavy, non-retail commercial activity, often including a few major employers; or</i> <i>b. A commercial strip located along a major arterial characterized by heavy, non-retail commercial activity.</i></p>			X	<p><u>C2-40</u></p> <p>The C2-40 zoned area does not contain substantial commercial activity. The area is "in transition." However, such transition will likely depend on the outcome of several transportation improvements, including a possible realignment of Mercer and Valley Streets, the proposed South Lake Union Street Car, and private development. It should also be noted that both Valley and Mercer Streets are very busy arterials.</p> <p><u>C2-65</u></p> <p>The C2-65 zoned area is characterized by diverse commercial activities, including biotech, warehouse and administrative office. There are a few retail establishments and many prominent restaurants in the area. The area is accessible by five major arterials, including Mercer and Valley Streets, and Westlake, Dexter and Aurora Avenues North.</p>
<p><i>2. Physical Conditions Favoring Designation as C2.</i> <i>a. Readily accessible from a principal arterial;</i></p>	X			<p>The C2-40 and C2-65 area are readily accessible to many principal arterials.</p>
<p><i>b. Possibly adjacent to manufacturing/industrial zones;</i></p>			X	<p><u>C2-40</u></p> <p>The C2-40 area is adjacent to an IC-65 zone to the south.</p> <p><u>C2-65</u></p> <p>The C2-65 area is not adjacent to any manufacturing /industrial zones. The IC-65 zone that abuts the C2-40 Area is separated from the C2-65 Area by Westlake</p>

				Avenue North and a transitioning NC3-65 zone.
<i>c. Presence of edges that buffer residential or commercial areas of lesser intensity, such as changes in street layout or platting pattern;</i>	X			<p><u>C2-40</u></p> <p>Zones that abut the C2-40 area include C2-65 to the west and east; IC-65 to the south; and NC3-65, also to the south. While the NC3-65 is arguably a less intense commercial zone, it is buffered by Mercer Street, a 78 foot (approximate) right of way.</p> <p><u>C2-65</u></p> <p>Zones that abut the C2-65 Area include C1-65 to the north and west, C2-40 and NC3-65 to the east, and C1-85 to the south. NC3-65 is a less intense commercial zone. Both zones are adequately buffered by an existing north/south alley that runs between 9th and Westlake Avenues North.</p>
<i>d. Predominance of large lots which can accommodate a wide range of heavy commercial and light manufacturing activity;</i>	X			<p><u>C2-40</u></p> <p>The 16 parcels in the C2-40 Area have an average area of 25,738 square feet and a median area of 14,534 square feet. The average is thrown off by one outlier – one parcel has an area of 139,844 sq. ft.</p> <p><u>C2-65</u></p> <p>The 44 parcels in the C2-65 Area have an average area of 22,684 square feet and a median area of 14,854 square feet.</p>

<p>access.</p> <p><i>e. Limited pedestrian</i></p>			<p>X</p>	<p><u>C2-40</u></p> <p>The C2-40 Area is surrounded by major arterials and is not generally considered pedestrian oriented.</p> <p><u>C2-65</u></p> <p>The C2-65 Area performs better in terms of pedestrian access. There are somewhat active pedestrian areas along Westlake and Dexter Avenues North. Pedestrian connections to and from the area are limited.</p>
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Study Area 3



Summary

The area does not generally meet the NC3 zone's functional and locational criteria. The area is auto-oriented, not a pedestrian-oriented shopping district, and contains little, if any, housing. Pedestrian activity in the area does not exist in any significant form. The area accommodates office buildings, parking lots and a few hotels and serves as a low cost public parking area for commuters and Seattle Center.

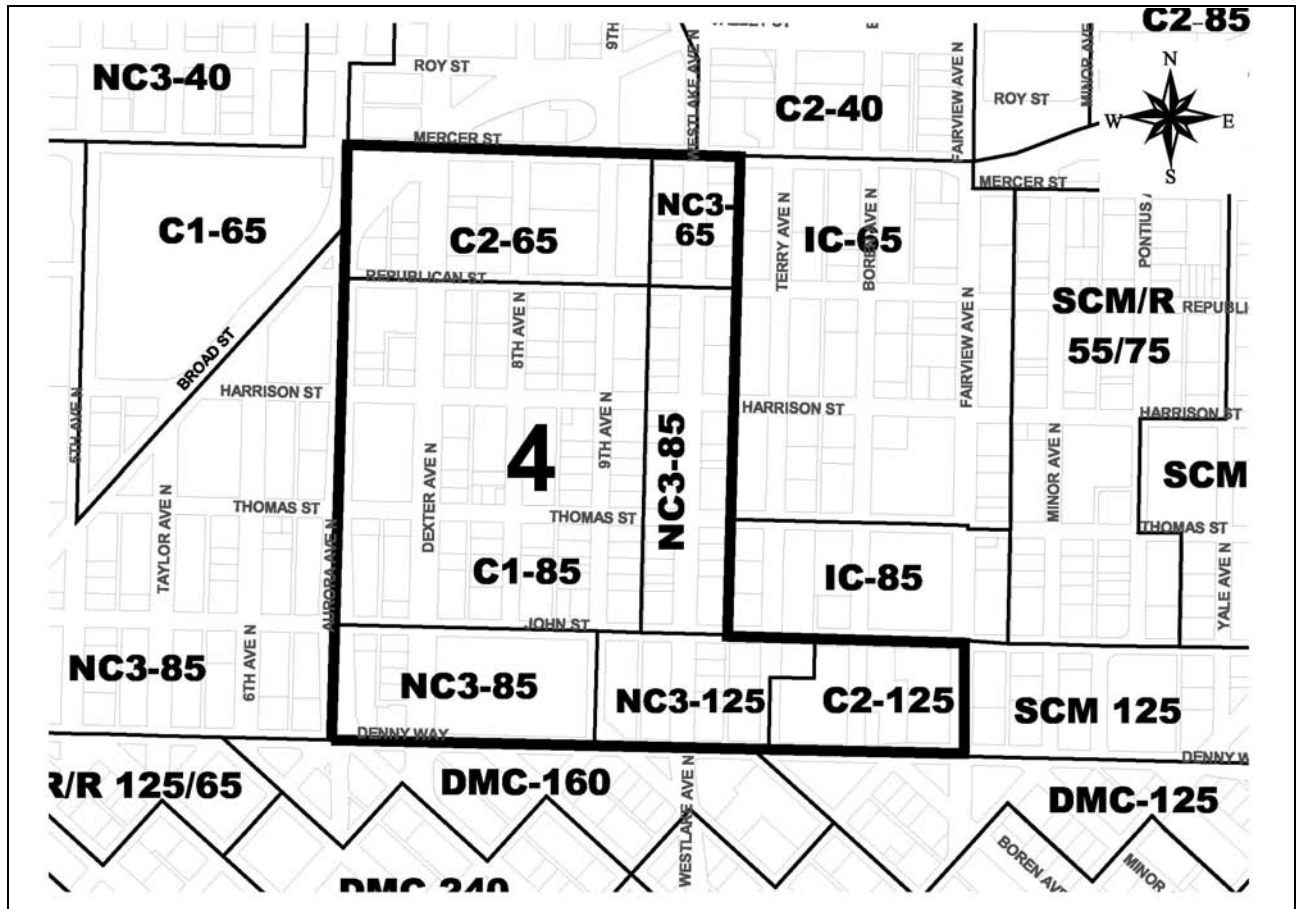
The area is not a major commercial node and is not immediately surrounded by medium to high density residential areas. While the area is surrounded by arterial streets, none of these streets have significant amounts of retail frontage.

While sub-area 3 does possess some physical characteristics that favor its current zoning designation, the proposed Seattle Mixed zone is more likely to result in the production of housing in the area while encouraging the mix of uses and retail services that would likely result from the current NC zoning.

Sub-area 3 is zoned NC3-85 in its entirety and allows for high density mixed use development or large scale nonresidential development. The locational criteria (**bold in the chart below**) that are applicable to NC3 zones are found in SMC Section 23.34.078 and are reviewed in the chart below:

SMC 23.34.078 Neighborhood Commercial 3 (NC3) Zone, Function and Locational Criteria				
Codified Criteria	Meets Criteria			Comments/Analysis
	Yes	No	Maybe	
A. NC3 Locational Criteria. The Neighborhood Commercial 3 zone designation is most appropriate in areas generally characterized by the following: 1. Existing Character. a. Major commercial nodes surrounded by medium- to high-density residential areas or other commercial areas; or		X		The area is not a major commercial node and is not immediately surrounded by medium to high density residential areas or other commercial areas. Higher density residential development occurs farther to the west and east of the South Lake Union area separated by major transportation corridors and topography.
b. Commercial, retail-oriented strip along a major arterial with significant amounts of retail frontage and generally surrounded by medium-density residential areas; or		X		Aurora Avenue North, Broad Street, 5 th Avenue North and Denny Way are all arterial streets. However, none of these streets possess significant amounts of retail frontage, though the potential exists. The most prominent retail businesses in the area are a gas station, Starbucks Coffee Shop, and a restaurant located at the northwest corner of Denny Way and Aurora Avenue North (SR 99).
c. Shopping centers.		X		There are no shopping centers located in Sub-area 3.
2. Physical Conditions Favoring Designation as NC3. a. Served by principal arterial;	X			The area is served by four major arterials.
b. Separated from low-density residential areas by physical edges, less-intense commercial areas or more-intense residential areas;	X			Sub-area 3 is sufficiently separated from multifamily development that exists to the north. This separation is achieved by a more intense commercial zone and Mercer Street to the north.
c. Highly accessible for large numbers of people (considering present and anticipated congestion) so that intense activity of a major commercial node can be accommodated;	X			Accessibility for large numbers of people could be accommodated, however existing traffic congestion in the area is significant.

<i>d. Combination of circulation and transit system accommodates commercial traffic without drawing traffic through residential areas;</i>	X			Circulation patterns are made difficult by the presence of many heavily used arterials, including Aurora Avenue North, which doesn't allow for cross traffic. However, this does not cause significantly increased traffic in other residential areas.
<i>e. Excellent transit service;</i>			X	Transit service is provided along Aurora Avenue North (SR 99), Denny Way and 5 th Avenue North.
<i>f. Presence of large, perhaps shared, off-street parking lots; land available for additional parking, or other means to accommodate parking demand.</i>	X			Seattle Center creates significant demand for off-street parking. Sufficient land exists to provide additional parking if necessary.



Sub-area 4 Summary

Most of the NC3 zoned properties satisfy the physical characteristics of the zone due to the presence of arterials that exist in the area. However, the character of the NC3 area is not an active commercial, pedestrian oriented core.

The remaining areas of Sub-area 4 are zoned C1 and C2. These areas satisfy the physical characteristics for C1 and C2 designation, except that large lots are not predominant. The existing character of the areas, however, does not favor C1 and C2 designations. The C1 properties in the area offer little in the way of retail shopping opportunities, and the C2 properties are small and isolated, serving only as a zone transition from the industrial zone to the north and the downtown zone to the south.

Sub-area 4's use and development context will continue to change as additional public and private investments are made. The proposed rezone to Seattle Mixed does not represent a substantial change to existing activities in the sub-area, but instead represents a positive augmentation to existing zoning by allowing more flexibility to mix uses, including residential.

Study Area 4 is the southwest portion of the South Lake Union Hub Urban Village and is zoned NC3-65, NC3-85, NC3-125, C1-85, C2-65, and C2-125. The locational criteria (**bold in the chart below**) applicable to NC3, C1 and C2 zones are found in SMC Sections 23.34.078, 23.34.080 and 23.34.082, respectively, and are reviewed in the following chart:

SMC 23.34.078 Neighborhood Commercial 3 (NC3) Zone, Function and Locational Criteria				
Codified Criteria	Meets Criteria			Comments/Analysis
	Yes	No	Maybe	
A. NC3 Locational Criteria. The Neighborhood Commercial 3 zone designation is most appropriate in areas generally characterized by the following: 1. Existing Character. a. Major commercial nodes surrounded by medium- to high-density residential areas or other commercial areas; or b. Commercial, retail-oriented strip along a major arterial with significant amounts of retail frontage and generally surrounded by medium-density residential areas; or c. Shopping centers.		X		The NC3 portion of sub-area 4 runs along Westlake Avenue North and does not meet any aspect of criterion A.1. While much potential exists in its current zoning designation, the area underachieves as a major commercial node. There are no significant medium to high density residential areas or successful commercial areas in the surrounding area, and no shopping centers exist.
2. Physical Conditions Favoring Designation as NC3. a. Served by principal arterial;	X			The area is served by Westlake Avenue North, Denny Way, and Mercer and Valley Streets.
b. Separated from low-density residential areas by physical edges, less-intense commercial areas or more-intense residential areas;	X			The area is adequately separated from low-density residential areas, as there are no low-density residential areas located in the general vicinity.
c. Highly accessible for large numbers of people (considering present and anticipated congestion) so that intense activity of a major commercial node can be accommodated;	X			The area is highly accessible and is congested during peak hours. However, additional commercial activities could be accommodated.

<i>d. Combination of circulation and transit system accommodates commercial traffic without drawing traffic through residential areas;</i>			X	No residential areas currently exist in the general vicinity of the NC3 zone.
<i>e. Excellent transit service;</i>			X	Transit service exists in the area on Denny Way, and Westlake and 9 th Avenues North.
<i>f. Presence of large, perhaps shared, off-street parking lots; land available for additional parking, or other means to accommodate parking demand.</i>	X			Substantial developable land exists in the area, some of it in the form of surface parking areas. However, the majority of readily accessible surface parking exists on the neighboring north/south streets, 9 th and Terry Avenue's North. Future demand for parking will be satisfied by new development and by improvements to transit accessibility in the area.

SMC 23.34.080 Commercial 1 (C1) Zone, Function and Locational Criteria				
Codified Criteria	Meets Criteria			Comments/Analysis
	Yes	No	Maybe	
<i>B. C1 Locational Criteria.</i> <i>Commercial 1 zone designation is most appropriate in areas generally characterized by the following:</i> <i>1. Existing Character.</i> <i>a. Shopping centers;</i> <i>or</i> <i>b. Shopping areas along arterials where customers drive from one (1) individual business to another.</i>		X		The C1 zone of sub-area 4 currently offers little, if any, auto-oriented shopping opportunities. Further, according to King County Assessor's data, only 5 of the 72 individual parcels in the area are retail/service uses.
<i>2. Physical Conditions Favoring Designation as C1.</i> <i>a. Readily accessible from a principal arterial;</i>	X			The area is readily accessible from Westlake Avenue North, Dexter Avenue North Denny Way, Mercer Street and Aurora Avenue North (limited in some instances).
<i>b. Presence of edges that buffer residential or commercial areas of lesser intensity, such as changes in street layout or platting pattern;</i>	X			There are no low-density residential areas located in the general vicinity.
<i>c. Predominance of large lots that can accommodate a wide range of commercial activity;</i>			X	Approximately 72 parcels are located in the area. These parcels range in size from 2,512 sq. ft. to 79,538 sq. ft. Large lots are not predominant; of the 72 parcels in the area, only 25 exceed 12,000 sq. ft.
<i>d. Limited pedestrian access on the public right-of-way, curb cuts, auto movement or parking lots create an environment which is unfriendly to pedestrian activity;</i>	X			While the area isn't unfriendly to pedestrians, automobiles dominate Dexter and Aurora Avenue North. In addition, existing uses in the area do not tend to generate significant pedestrian activity.
<i>e. Presence of large, perhaps shared, off-street parking lots; readily accessible from major transportation corridors or arterials.</i>			X	Some large accessory parking areas exist directly adjacent to Aurora Avenue North. However, other parts of the sub-area contain few surface parking lots. In all, only 15 of the 72 parcels are reported to have surface parking.

SMC 23.34.082 Commercial 2 (C2) Zone, Function and Locational Criteria				
Codified Criteria	Meets Criteria			Comments/Analysis
	Yes	No	Maybe	
C. C2 Locational Criteria. Commercial 2 zone designation is most appropriate in areas generally characterized by the following: 1. Existing Character. a. Major commercial nodes characterized by heavy, non-retail commercial activity, often including a few major employees; or b. A commercial strip located along a major arterial characterized by heavy, non-retail commercial activity.			X	<u>C2-65</u> The C2-65 zone of sub-area 4 is very small, containing only three blocks and 15 parcels. Of these parcels, 4 contain office uses, 3 contain industrial uses, 4 contain retail/service uses, and the remaining four parcels contain surface parking lots. Dexter Avenue North and Mercer Street serve the area. <u>C2-125</u> The C2-125 zone of sub-area 4 is smaller than the C2-65 zone, containing less than 2 blocks and only 4 parcels. 2 of the parcels contain office uses and the remaining 2 parcels contain surface parking. The area is served by Denny Way and Fairview Avenue North.
2. Physical Conditions Favoring Designation as C2. a. Readily accessible from a principal arterial;	X			<u>C2-65</u> Mercer Street and Dexter Avenue North provide access to the area. <u>C2-125</u> Denny Way and Fairview Avenue North provide access to the area.
b. Possibly adjacent to manufacturing/industrial zones;	X			<u>C2-65</u> The area is not adjacent to manufacturing/industrial zones. <u>C2-125</u> The area is adjacent and abuts an Industrial Commercial (IC) zone to the north.

<i>c. Presence of edges that buffer residential or commercial areas of lesser intensity, such as changes in street layout or platting pattern;</i>	X			<u>C2-65</u> No buffers exist, as there are no low-density residential areas located in the general vicinity. <u>C2-125</u> The area is adequately separated from residential areas that exist east of Fairview Avenue North.
<i>d. Predominance of large lots which can accommodate a wide range of heavy commercial and light manufacturing activity;</i>			X	<u>C2-65</u> The largest lot in the area is occupied by an existing building that was recently renovated for use as a biotechnology building (Blue Flame). The remaining lots are not large, however common property ownership may result in future development on combined parcels. <u>C2-125</u> The lots in the area are 6,064 sq. ft., 43,010 sq. ft., 60,673 sq. ft. and 75,705 sq. ft. and could accommodate a wide variety of heavy commercial and light manufacturing activities.
<i>e. Limited pedestrian access.</i>			X	<u>C2-65</u> Pedestrian access in the area is severely limited by traffic along Mercer Street. <u>C2-125</u> Pedestrian access in this area is good by comparison with properties abutting Denny Way. Fairview Avenue North and John Street offer a pedestrian environment with street trees and public benches in or near the right of way.

Analysis of Seattle Mixed Zone Function and Locational Criteria

The following is a review of the function and locational criteria that applies to the Seattle Mixed zoning. As part of the proposed zone changes, the Seattle Mixed zone is renamed from the existing Seattle Cascade Mixed zone and the applicable function and locational criteria for the zone are proposed to be amended. The review below reflects the proposed criteria. The existing locational criteria for the Seattle Cascade Mixed zone can be found in SMC Section 23.34.128:

Amended SMC 23.34.128 Amended Seattle Mixed (SM) Zone, Function and Locational Criteria				
Amended Criteria	Meets Criteria			Comments/Analysis
	Yes	No	Maybe	
<p><i>Decisions to rezone to the Seattle Mixed (SM) zone designation shall take the following function and locational criteria into consideration:</i></p> <p><i>A. Function. An area that provides for a wide range of uses to encourage redevelopment of the area into a mixed-use neighborhood with a pedestrian orientation;</i></p>	X			<p>The goal for the area is to encourage the redevelopment of Sub-areas 1, 3 and 4 as a pedestrian-oriented, mixed use neighborhood. The proposed rezone would allow a wider range of uses than under current zoning, including greater opportunity for housing. Westlake Avenue North and Valley Street are proposed to be designated as pedestrian streets requiring retail sales and service uses at ground level. This requirement would result in mixed use or single purpose commercial structures with retail at street level to serve the surrounding residential and commercial community.</p>
<p><i>B. Transportation and Infrastructure Capacity. An area that is well-served by transit and vehicular systems and where utility infrastructure is adequate, or where such systems and infrastructure can be readily expanded to accommodate growth;</i></p>	X			<p>The area is moderately well-served by transit along Eastlake, Fairview, Dexter, Westlake, 9th and Aurora Avenues North. Increased transit service can be accommodated within existing rights-of-way to serve future residential and commercial growth. Transportation improvements are underway or planned, including a proposed Streetcar, and the Mercer/Valley Realignment, that will accommodate growth in the area.</p> <p>Existing utility infrastructure is adequate and can be expanded to accommodate growth.</p>

<i>C. Relationship to Surrounding Activity. An area that provides a transition from the dense city core. Also an area that is intended by the City to become self-contained, where residents may live, work and play;</i>	X			The City's goal for South Lake Union is to create a vibrant mixed use neighborhood, one that provides for employment, housing and recreation. The proposed Comprehensive Plan growth estimates for the area are 23,000 jobs and 10,000 households. The South Lake Union area also contains many recreation opportunities. Currently under renovation are South Lake Union Park and Cascade Playground. Denny Park is also located in the neighborhood, and Seattle Center is within walking distance.
<i>D. Mix of Use. An area within the SM zone may be identified for the purposes of encouraging a primarily residential character. Such an area shall be designated as Seattle Mixed/Residential (SM/R). Within the SM/R area, nonresidential uses shall generally be of modest scale or neighborhood-serving in character;</i>	N/A	N/A	N/A	This criterion does not apply, as none of the proposed rezones designate an SM/R zone.
<i>E. Height. Height limits of forty (40) feet, fifty-five (55) feet, sixty-five (65) feet, seventy-five (75) feet, eighty-five (85) feet, and one hundred twenty-five (125) feet may be applied to land zoned SM. A fifty-five (55) foot height shall generally be applied to the SM/R designation where it is appropriate to limit the intensity and scale of nonresidential use.</i>	N/A	N/A	N/A	This criterion does not apply. No height changes are proposed.

Proposed Land Use Code Amendments

Amendments to the Land Use Code are also proposed to augment the proposed rezones to the Seattle Mixed zone. The proposed amendments correct errors or omissions and clarify or update provisions so that the zone, formerly titled Seattle Cascade Mixed, may be applied broadly to the South Lake Union neighborhood and an adjacent area.

Summary of Proposed Amendments

The following is a summary of proposed Land Use Code amendments, followed by a more detailed review.

Ordinance Section	Amendment Summary	Reason for Amendment
Sections 1 and 3	Amends Land Use Code Chapters 23.30 and 23.32 that contain lists of zones and reference the official land use map.	To reflect the renaming of the "Seattle Cascade Mixed (SCM)" zone to "Seattle Mixed (SM)."
Section 2	Amends the Official Land Use Map	To accomplish the proposed rezones.
Sections 4 and 5	Amends Land Use Code Chapter 23.34 that contains the zone function and locational criteria.	To rename the "Seattle Cascade Mixed (SCM)" zone to the "Seattle Mixed (SM)" and to update the criteria to allow use of the zone outside of the Cascade Neighborhood.
Section 6	Amends Chapter 23.41, the Design Review program, to require projects in Industrial Commercial (IC) zone and in the South Lake Union Urban Village to go through Design Review when they exceed SEPA thresholds.	To help ensure quality design.
Sections 7, 8, 9, 10, 13, 22, 24, 25, 26, 27, 28, 29, 30, 31, 32 and 33	Various references to SCM are changed to SM throughout the code.	To recognize the SM zone.
Section 11	Eliminates a map showing where Single Purpose Residential development previously was prohibited.	This regulation of single purpose residential development is no longer needed and is counter to current housing objectives.
Section 12	Removes a provision for additional height on the three blocks located just south of Lake Union.	Due to the fact that these blocks are being rezoned, the provision is being moved, with minor changes to improve readability, to Chapter 23.48. See Section 15.
Sections 14, 19 and 21	Simplifies the street designation system.	Eliminate use of the "green street" and other designations.
Section 15	Amends the list of height limits in the South Lake Union neighborhood; See Section 12.	These amendments recognize that the existing height limits are appropriate for the SM zone.

Section 16	<p>1) Eliminates a map showing the zoning of the Cascade neighborhood;</p> <p>2) Adds a new map that shows where upper-level setbacks are required pursuant to the SM zone; and</p> <p>3) Simplifies the approach to identifying where setbacks are required.</p>	<p>The Official Land Use Map contains this information.</p> <p>Amendment identifies Harrison and Thomas Streets and the north side of Denny Way as additional streets where upper-level setbacks are required.</p> <p>Text amendments rely on the map to identify where setbacks are required and eliminates an unnecessary "green street" designation.</p>
Section 17	<p>1) Replaces a map showing the street designations in Cascade to one that shows the street system throughout the area proposed to be rezoned to SM; and</p> <p>2) Simplifies the street designation system.</p>	<p>Within the SM zone, the street-level of new development must meet certain standards based on pedestrian street classifications, similar to street classifications that currently apply in Cascade.</p> <p>Similar to the changes noted in previous Sections, the "green street" designation is eliminated, while continuing to apply an appropriate design treatment for abutting private property using a simplified pedestrian designation system.</p>
Section 18	<p>1) Amendments recognize SM zone name change;</p> <p>2) Carries over a Floor Area Ratio (FAR) limit from the C and NC zones with 85' height limits to the SM 85' zone; and</p> <p>3) Eliminates a reference to live-work units.</p>	<p>The FAR limit is retained to maintain the density allowance for nonresidential development.</p> <p>The SM zone allows live-work to be located anywhere, except at the street-level where are required street level uses - proposed for Westlake Avenue North and Valley Street.</p>
Section 20	Amendment adds regulations for street-level uses.	These amendments apply street-level use requirements and standards for the Pedestrian classification of Westlake Avenue North and the south side of Valley Street.

Section 23	Amendments specify the parking requirements for street-level uses required in Section 20.	These amendments provide parking exceptions for required street-level uses consistent with those in Pedestrian designated commercial areas throughout the city. Also, provisions for parking payment-in-lieu are clarified.
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Analysis

The following discussion focuses on those amendments referred to in the foregoing summary that warrant additional analysis and explanation.

Sections 4 and 5. Rezone criteria are used by the City to guide decision making related to proposals to change zoning designations. Each zone has its own function and locational criteria. These describe the intended function of the proposed zone and compare that to the characteristics of the area proposed for rezoning.

In general, the SM zone is intended for areas where new development is envisioned to be pedestrian-oriented and mixed-use (residential and commercial uses) with urban densities. Residents would be able to live close to jobs in the area and to other major employment centers including Downtown, the University District, First Hill/Capitol Hill and the Seattle Center Area.

Another important consideration is the mixing of uses allowed in the SM zone. A broad mix of uses ranging from residential to light manufacturing are allowed in the SM zone. The zone was created specifically for South Lake Union which has historically been commercial but is undergoing a transition to denser development, including residential uses. The proposed modifications to the existing rezone criteria would reflect the new name of the zone and allow it to be applied more broadly in the future.

The proposed rezone criteria would describe the way an area zoned SM is intended to function, the services that are to be encouraged, to support the range of uses and intensity of development contemplated. Included is a statement about how areas zoned SM are intended to function with respect to surrounding activity. This zone is appropriate where a mix of commercial development and residential use is present, such as in NC and C zones, and where the appropriate range of permitted uses and height limits can foster the maturing of the mixed use neighborhood into the pedestrian-oriented, residential and employment center that the zone represents. Use of the SM zone is only proposed for the South Lake Union neighborhood at this time.

Section 6. The IC zone was created to promote development of businesses, particularly new technology-oriented uses. The development standards are intended to create an environment that is attractive to the research and development industry. To be consistent with this intention, design review was not applied in this or any other industrial zone. Life-sciences or biotech uses are firmly established in this area now. The development in the area is not unlike office and laboratory areas in other parts of the city where Design Review is required. In addition, while consideration of rezoning this area is to happen next year, applying design review in the interim period will help ensure quality design for the expected higher density and larger scale development anticipated in the central core of the South Lake Union neighborhood. The threshold for applying design review is proposed at the thresholds required for environmental review. Thus, the number of development projects subject to discretionary permit review will remain unchanged.

Section 11. The SM zone allows the maximum flexibility to mix uses. Anything from 100% residential to 100% commercial is allowed and any combination of the two. The only areas where specific use requirements would apply is on either side of Westlake Avenue North and on the south side of Valley Street. On these streets, street-level uses, such as retail or customer service office, must be provided at street level. Elsewhere in the SM zone, single-purpose residential development is allowed. The approach to residential use differs from that previously taken in the South Lake Union Neighborhood Plan, reflecting the change in circumstances. A significant amount of nonresidential development is permitted and constructed. This firmly establishes the commercial character desired in the neighborhood. Residential use can be allowed to be a part of the mix without fear of changing the character of the neighborhood. Allowing maximum flexibility to mix uses and enhance opportunities for housing development is reflected in the housing principles prepared with assistance of the neighborhood plan stewardship group, SLUFAN, and is supported by others participating in the housing working group.

Sections 16, 17 and 20. These sections are part of the urban design approach in the SM zone using upper-level setbacks and standards for the street level of new development:

- 1) Upper-level setbacks are proposed to apply to three east/west oriented streets, both sides of Harrison and Thomas Streets and the north side of Denny Way.
- 2) The street designation system is used to regulate either uses and/or the design of the street-level of new development by street. Uses are proposed to be regulated along Westlake Avenue North and Valley Street and design standards would apply to the properties along the remainder of the streets in the SM zoned area.

Note: Maps are provided at the end of this report identify where upper-level setbacks would be required, and proposed street designations.

1) Upper-level setbacks are proposed as an urban design feature of the SM zone. Currently upper-level setbacks are required for property abutting the Cascade Playground and along Harrison and Thomas Streets and Denny Way. When the SM zone was originally proposed to apply to all of South Lake Union the setbacks were also proposed along Harrison and Thomas and Denny Way continuing west from the Cascade Neighborhood to Aurora Avenue North as well as around Denny Park. As part of the current proposal, the setbacks are proposed along these same streets and Denny Park. In addition the proposal carries the setbacks through to the Seattle Center (sub-area 3) on the same three streets.

Setbacks are proposed around the parks to enhance the scale of the parks and to aid in preventing shadow impacts on the parks from new development. Setbacks are proposed along Harrison and Thomas Streets and Denny Way to link the parks and create a sense of smaller scale development along those streets. The setbacks apply at different heights of the façade of new development, depending on the height limit: at 45 feet in the SM/75 zone and at 75 feet in the SM/125 zone. The setback is required from the property line starting at the designated setback height and setting back one foot for every two feet in height, to a maximum setback of 15 feet.

2) One of the key features of the SM zone is pedestrian orientation. Development standards that apply to the street-level of new development address basic design elements that are necessary for creating a pleasing streetscape: building entrances off the sidewalk, minimum façade heights, transparency (for nonresidential uses) and requirements for architectural details and landscaping to prevent blank facades. Street-level uses are proposed for Westlake Avenue North and south side of Valley Street. In the remainder of the proposed SM zoned areas, the development

standards address the needs of pedestrians while allowing flexibility in the uses that may occupy the street level spaces.

The pedestrian requirements are based on a street classification system. This approach is similar to that in place in the downtown zones. The proposed pedestrian related requirements apply according to a mapped network of streets:

- Class 1 Pedestrian Streets, street-level uses are required as well as development standards that are applicable to the street-level of new development;
- Class 2 Pedestrian Streets, development standards, such as transparency and limits on blank facades, apply to the street-level of new development, but uses are flexible; and
- Basic standards, less stringent development standards apply to the remainder of the streets.

The Class 1 Pedestrian Street designation is proposed to be applied to both Westlake Avenue North and to the south side of Valley Street, focusing commercial activity, typically retail, at street-level. This emphasizes the recent trends along Westlake, with new pedestrian oriented commercial uses at street-level, enhancing the pedestrian environment of this important link from South Lake Union Park to downtown. The proposed streetcar would run on Westlake.

Valley Street faces South Lake Union Park for most of its length between Fairview and Westlake Avenues North. The park and the proposed streetcar line on Valley Street would be complemented by a thriving street-level retail environment. Street-level retail will also enliven South Lake Union Park along its southern edge. These streets would form the spine of a pedestrian network of streets, recognizing the importance of location in the success of retail-type uses. This also recognizes that there are other ways, building design, to create a lively pedestrian environment that is not over reliant on retail-type uses.

On Class 2 Pedestrian Streets and all other streets a full range of uses is allowed at street-level. Allowed uses would range from residential to light manufacturing. The development standards focus on key elements of street-level design that foster good pedestrian environments. Those features include: entrances off the sidewalk, transparency for nonresidential uses and limits on blank facades. For example, residential use with entrances from the sidewalk can provide a pleasing street-level environment. Thus, development standards are used to help achieve these goals regardless of use.

The development standards are similar for proposed Class 2 Pedestrian Streets and the current Green Street designation in the SM zone. So, in the interest of simplifying the street designation system, the Green Street designation is proposed to be eliminated. This will not significantly change development standards applicable to properties abutting currently designated Green Streets in the Cascade neighborhood.

Other amendments simplify the street designation system without appreciably altering the standards applicable to the street-level of new development. The intent remains the same: create a network of pedestrian oriented streets, recognizing the need for vehicular access.

Section 18. This section accomplishes two changes: one relates to a density standard or Floor Area Ratio (FAR); and the other simplifies the code by removing an unnecessary reference to live-work units.

FAR is a measure used to limit the density of new development. FAR relates the amount of new floor area allowed to the size of the lot on which it is built. For example a FAR of 4.5 means that the amount of gross floor area in a building may be a maximum of 4.5 times the area of the lot. Currently in the NC and C zones with 85' height limits or greater, the FAR limit for single uses in a development is 4.5. The proposal is to apply this FAR limit in the new SM 85' zone for nonresidential use. Applying FAR to nonresidential uses promotes mixed use development that includes residential use and helps mitigate transportation impacts by regulating density. The 5.0 FAR limit currently applicable in the SM 125' zone for nonresidential use is proposed to be retained.

Live-work units were recently defined and allowed to qualify for non-residential use in mixed use buildings citywide. Live-work is a hybrid of commercial and residential use and is often thought of as a place for artists, crafts persons, or other small business people to live and work within the same space. The SM zone allows live-work units due to the inherent flexibility in locating residential use at the street-level anywhere except where street-level uses are required on Westlake and Valley, proposed Class 1 Pedestrian Streets. Allowing live-work units is supported by the South Lake Union housing principles developed with community groups this year.

Recommendation

The attached ordinance is proposed to further the South Lake Union Neighborhood vision as a mixed use neighborhood that includes housing. Moving forward with the proposed rezones and Land Use Code amendments is a necessary first step to achieving a positive jobs/housing balance in the South Lake Union area. Further, the proposal is consistent with the Comprehensive Plan by encouraging new employment opportunities, a diverse employment base within the city, and an active mixed use neighborhood where people can live, work and play.

DPD recommends that the proposed rezones and Land Use Code amendments be approved as proposed.

